FOREIGN AGRICULTURE

Picking Italian oranges.

France's Compound Feed Industry

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This week's cover:

Harvesting oranges in Sorrento, Italy, in traditional covered orchard, which protects fruit from frost and wind. Restructuring the centuries-old Italian citrus industry is now underway to better serve producers and consumers. See article beginning on page 6.

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France's Compound Feed Industry Seeks Steady Protein Supply

By BRUNO JULIEN
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OUTPUT OF FRANCE'S $2.2-billion feed industry—which has tripled in the past decade—is expected to almost double in the next 10 years, fueled by a steady expansion in the use of soybeans. Between 1972 and 1982 use of soybean meal could surpass the conservative 20 percent increase now projected, with a corresponding jump in soybean imports from the United States.

One factor that might halt the upward climb of soybean use would be a failure in supply—either from the United States or Brazil. Such a supply failure could spark an all-out drive to replace foreign sources of high protein products.

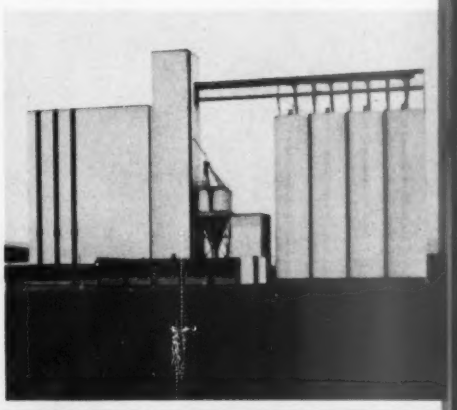
Leading the drive would be French users of compound feed and French officials, both of whom have been sensitive to temporary soybean embargoes and export restrictions in mid-1973. A principal objective of the two major syndicates of compound feed producers is to obtain assurance in the coming year of a regular supply of raw materials at a price competitive enough to allow them to plan a systematic development of their industry.

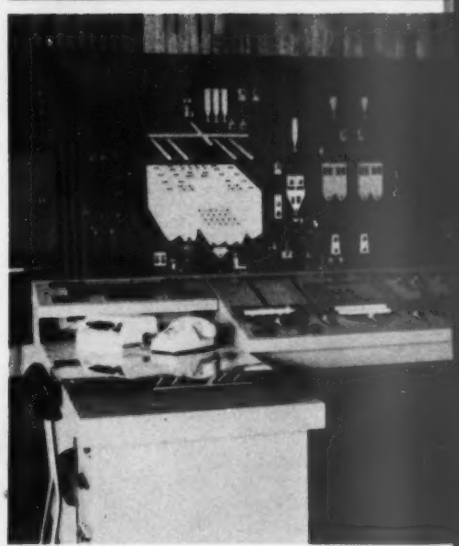
France's compound feed industry holds the No. 2 spot in the country's food and agricultural complex. Since 1963, compound feed production has grown from 3.4 million tons to an estimated 11 million tons in 1973. Despite rising prices of raw materials and problems with protein supplies, the uptrend in production continued between 1972 and 1973, with an estimated 13 percent increase in 1973, compared with 12.4 percent the previous year. (All tons are metric.)

Even so, the proportion of current use to potential use of compound feed—namely, what could be used if all animals were economically fed with compound feed—is low. During 1972 it was under 50 percent, with total production at 9.6 million tons, and potential use over 20 milion tons. The proportion varies with the type of animal, but compound feed use is more important and is rising at a faster rate in areas where commercial production is developing. It is less important in the "traditional area."

Although France and Italy are the two European Community (EC) countries that have made the least progress in compound feed use, modernization of agriculture and improvement of its structures (bigger farms, better equipment, and technical advancements), are expected to spur compound feed use in France in the near future.

The lowest rate of increase will be for





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broilers, since actual use is already 85 percent of potential use. With the development of commercial operations, compound feed use for eggs and hogs could surpass the current 50 percent. The increase in compound feed use in cattle rations—presently only 20 percent of potential needs—could be the most important, as evidenced by the trend during 1973 in which compound feed production jumped 26 percent for cattle, compared with a 13-percent average increase for all users. A recent survey by the European Federation of Compound Feed Producers (FEFAC) confirms this general tendency at the European level.

Within France, feed production is located in livestock production areas, primarily in the following regions of Western France: Brittany, which accounts for 26 percent of French production; Loire Valley, 10 percent; Normandy, 9 percent; and the North (a small coastal region north of Paris), 9 percent.

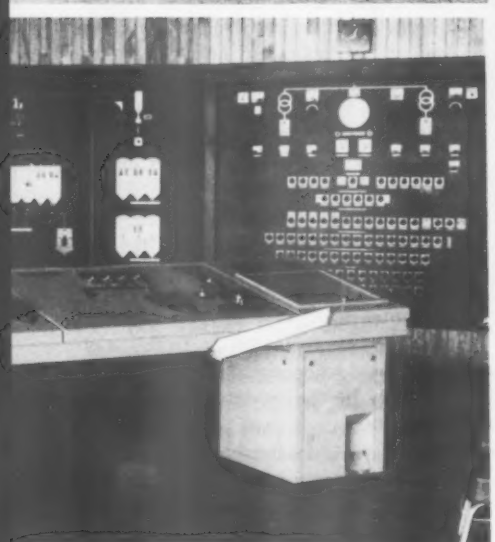
Over half of France's feed production is located in the small areas near ports of the Atlantic Ocean and the English Channel (Brest, St. Nazaire, and Le Havre). The feed industry has progressed most in these areas during the last 10 years. The share of compound feed used mainly for broilers and pigs is also higher here than in other regions of France.

LIKE PRODUCTION, the structure of the compound feed industry has changed rapidly in the last decade. During this time the production share for the biggest companies (those producing under 15,000 tons per year) rose from 27 to 47 percent. The market share of middle-sized companies also increased, from 20 to 29 percent. These gains were made at the expense of small companies —thus lowering the total number of companies and plants during the past 10 years. The many mergers that occurred eliminated some units and promoted the growth of others. As this trend continues, many small firms and uneconomical plants will likely disappear.

As outright purchases or partial takeovers, these mergers occur in several ways:

- Transferral of technical help from service firms to small production units with participation or integration bringing financial aid.
- Mergers of middle-sized companies to increase their technical and financial strength.
- Purchase of small units by financial or food trusts.

Currently, many French plants are too old, having been modernized only once or twice since construction. The trend now is to reconstruct all obsolete plants, and during 1973 many rebuilding projects were undertaken. There is also a tendency to develop feedplants and other livestock industry facilities (slaughterhouses) in areas never before involved in animal production and to bring industrial production to these areas. While French plants may now



Clockwise from upper left: A member of the Normandy cooperatives, this modern compound feed plant produced 62,000 tons during 1973. Cattle graze in Western France, where most feed production is located. Compound feed use for cattle alone jumped 26 percent last year. Harvesting of corn for silage destined to supplement compound feed use; production of both are expected to rise as a result of bigger farms and better equipment. Control equipment for operation of feed plant at Le Neubourg, France. Like production, the structure of the feed industry has changed rapidly in the past decade.

produce any number of the 39 compound feed formulas available—for hogs, beef cattle, dairy cattle, sheep, broilers, layers, turkeys, and rabbits—future operations of the feed industry are likely to be more specialized.

French commercial compound feed producers are organized into two groups: A private association (S.N.I.A.), which accounts for about 74 percent of total feed output, and a cooperative (SYNCOPAC) whose members produce the remaining 26 percent of France's compound feed.

The Duquesne Company began the first industrial production of compound feed in France after World War I. The main industrial expansion, however, began in the 1930's when the Sanders Company began to sell mineral additives for dairy cattle to flour millers processing compound feed. Before World War I flour millers handled 90 percent of compound feed production, but when modernization of the private sector eliminated many of the small mills, this fell to only about 40 percent of compound feed produced by the industrial sector. Now compound feed is increasingly produced by specialized companies or their branches, whose factories were generally built around 1960.

Processing of compound feed by cooperatives first began around 1940. These cooperatives generally were involved in meat production, as main supply cooperatives did not become interested in compound feed production until the 1960's. In the early years co-ops usually worked with the private sector, buying pre-mixes from private companies which they represented.

HOWEVER, AFTER SOME years of gaining experience in compound feed production, cooperatives created their own service firms, of which there are now two main ones: UCAAB (Union des Coopératives d'Aliments du Bétail), created in 1951 and including 95 co-ops which, working with UCAAB, produced 800,000 tons of compound feed during 1972; and CCPA (Coopérative Centrale de Productions Animales), created in 1968 and whose 22 cooperative members produced 1,115,000 tons of compound feed during 1972. Another service company, UFAC (Union des Fabricants d'Aliments Composés) produces pre-mixes for both private and industrial compound feed producers.

The largest compound feed producers of the co-op sector are located in Western France: Sobana-Unicopa, which has four plants and produced 275,000 tons of compound feed in 1972; and Landernau Co-op, which has three plants and a 1972 compound feed output of 260,000 tons.

The co-op sector differs from the industrial complex in several ways. Due to their structure (cooperatives may be slower in making investment decisions, for example), cooperatives have not increased their share of the market during the periods of expansion, and as a result, the co-op share of the market has remained around 26 percent since 1968. Also, the co-op share of the market is more important in the dairy and beef sector because a larger share of French milk and beef producers belong to cooperatives. In the poultry sector, on the other hand, the co-op share is less, because most commercial operations are not owned by the small farmowner, who typically belongs to the cooperative.

During 1972 the co-op sector's share of the principal compound feed produced was as follows: Beef feed, 29.5 percent; milk replacer, 34.6 percent; hog feed, 28.4 percent; sheep and goat feed, 26 percent; rabbit feed, 23 percent; and poultry feed, 21.3 percent. Because of the individualism of French farmers and the development of industrial and commercial operations in meat production, co-ops probably will not increase their future market share.

France's changing internal economic situation makes it difficult to forecast the country's feed production during the next decade.

There are, however, two factors that may directly affect future output—the rising trend in animal production and the share of compound feed used to feed these animals.

During the next 10 years France's population is expected to continue to grow by 500,000 persons each year (a 1-percent annual increase). This, plus bigger incomes and rising living standards, should boost per capita consumption of meat and poultry. Consumption will be higher for pork and poultry, less for beef and lamb, unless the price ratio between beef and other foods decreases. On the basis of official statistics, France's Ministry of Finance concludes that in the long run consumption of meat will be sensitive to the effect of income—an elasticity between 0.6 and 0.1. Coinciding with these factors, current French policy, which is encouraging animal production in order to ensure self-sufficiency, should stimulate animal production even further.

Stepped-up animal production indicates a rising need for compound feed production in France during the coming years. An average trend has been established regarding the outlook for compound feed in France. A two-step development is expected:

During the first period, until 1977, France, with other European nations, will narrow its low feed use gap. Production should expand at about the same rate as the last 2 years, or 10-15 percent—from 11 million tons in 1973 to 16 million tons in 1977. This production increase should be used to feed a larger proportion of animals, especially cattle. According to the FEFAC, the EC's output during this period should see a yearly gain of 8.1 percent, from 51 million tons in 1972 to 71 million tons in 1977.

THE SECOND PERIOD of development from 1977 to 1982, France's growth in compound feed production is expected to continue, but at a lower rate of about 5 percent, in response to the development of animal production. The FEFAC also forecasts a 5-percent growth rate at the European level, with production up from 71 million tons in 1977 to 91 million tons in 1982.

It may be that the projected 5-percent growth rate is too conservative. The rate of increase for France's compound feed industry during the second period might continue to grow at a faster rate than for the Community overall, due to a more rapid rate of increase in French livestock production. France has more agricultural labor and other resources than most other EC countries, potentially less environmental problems due to larger land areas and lower population density, and a Government policy strongly oriented to a rising livestock production.

During the first period, between 1972 and 1977, the feed industry is expected to adapt its structures to production growth through new mergers and the construction of new plants. In this way rising production could be maintained primarily by the modernization of the sector.

(An article in the June 17 issue of *Foreign Agriculture* discusses impact of the compound feed industry upon soybean meal use in France.)

Spain Liberalizes Cotton Imports—Aids Textile Industry

By CAROL M. HARVEY
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Foreign Agricultural Service

SPAIN'S EXPANDING textile industry is benefiting from two new Government incentive programs—subsidies for cotton producers and suspension of quotas on imported cotton.

The Spanish Government last year made several changes in its overall policy governing cotton production and imports. The modifications were made in time to apply to the marketing of the 1973-74 crop, and will continue in effect through the 1975-76 season.

Intent of the changes is to provide more competitively priced cotton to the Spanish textile industry, while insulating domestic cotton producers from possible downward fluctuations in world cotton prices. Also, the changes propose eventually to provide indirect subsidies aimed at modernizing and mechanizing raw cotton production.

Import quotas that placed restrictions on quantity, quality, and origin of imported cotton were eliminated as of October 1, 1973, with the provision that they may be introduced to protect domestic price levels. Imports remain subject to licensing, however. The bulk of imports still is arranged through an association of merchants and wholesalers.

The import duty on raw fiber of 13 percent ad valorem and an additional 8 percent compensation duty both remain in effect, but may—as in the past—be reduced or suspended as deemed necessary. In late 1973, the tariff was reduced for a brief period by 60 percent, and following its return to the bound rate, was lowered by 5 percent for January-April 1974.

As for subsidies, the Government is offering to pay variable amounts to domestic producers (or to ginners who must pay producers the minimum prices when producers offer to sell their seed crop) to bring their returns to a fixed minimum, should the import price of cotton force internal prices down.

Producers currently are receiving more than the minimum price on the market, and this situation may induce increased acreage planted to cotton as well as a resumption of exports (probably small amounts) for the first time since 1967.

The funds available annually for subsidies amount to 1,000 million pesetas—$16.9 million at the March 31, 1974, rate of 59 pesetas=$1. If the subsidies to be paid exceed the budgeted total, the separate amounts must be reduced pro rata according to the total cotton declared in subsidy claims.

For the 1974-75 season, the Government has set the maximum quantity that may qualify for subsidy at 75,000 metric tons (344,000 bales).

Spanish cotton production has never matched the textile industry's consumption, and in recent years the gap has widened from about 150,000 bales in the mid-1960's to about 375,000 bales in the 1971 and 1972 seasons. The industry thus has been relying heavily upon imports in recent seasons.

Import volume in 1971-72 was nearly double the volume of domestic production of about 200,000 bales, and imports are expected this season to be about equal to higher production of about 285,000 bales. The absolute level of imports is likely to remain at 250,000-300,000 bales annually, since Spanish production is not expected to increase sharply above its present annual level of 200,000-300,000 bales in the next few years.

While the Spanish import market still is subject—on a contingency basis—to a system of both quotas and drawback certificates against textile exports (or, in some cases, against low-quality Spanish cottons), no quotas currently are applied.

In the past, country quotas tended to be granted to those countries with which Spain's balance of payments was in surplus. This system was devised to protect Spanish cotton growers at a time when domestic cotton production was considerably higher than at present. Production in Spain had risen from a few thousand bales in the early postwar period to as high as 500,000 bales in 1962-63, and since that time has fluctuated downward to about half that amount.

Spanish internal prices were governed by a fixed minimum set by the Government. This figure usually exceeded the

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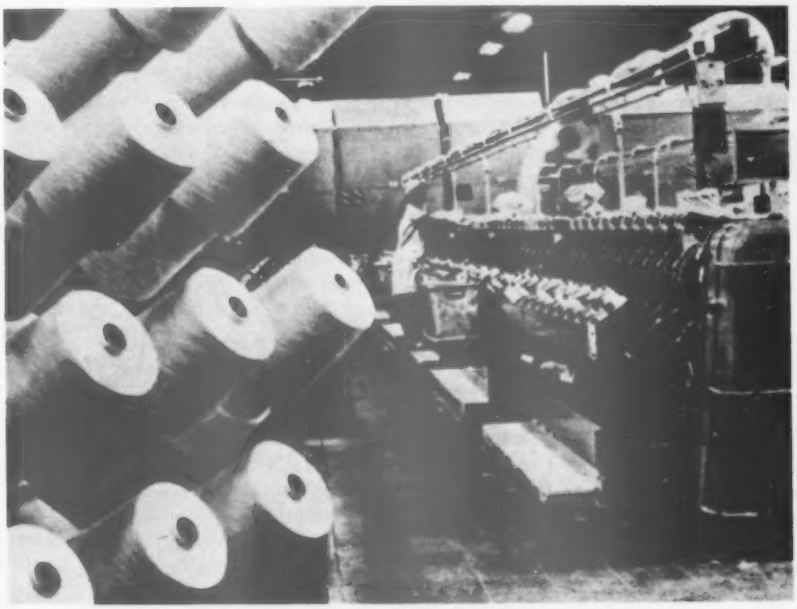

Textile production in Spain, such as in the Spanish mill above, may benefit from new Government policy changes described in this article.

Italy's Citrus Industry Sees Co-ops as Key to Revitalization

By FRANK J. PIASON
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ITALY'S STAGNANT domestic citrus market and deteriorating citrus exports are arousing interest in restructuring the industry by organizing producer cooperatives and marketing associations.

Through such organizations the centuries-old Italian citrus industry hopes to gain economies of size and other advantages not obtainable with the currently small and inefficient production units now operating.

While the process of forming cooperatives among small farmers in the north is already underway to a limited extent, the citrus-producing south, with its different traditions, has made little such progress.

At the same time Italy's domestic citrus production is increasing, competition abroad is rising, cutting off foreign markets that have absorbed production beyond domestic requirements in the past seasons.

Historically, Italian citrus exports have often consisted of the leftovers which could not be sold within the protected home market. Producers have had little incentive to produce for export, since they have a captive market and high prices in Italy. If the fresh fruit export market has been downplayed, the fruit juice export market has been equally underexploited.

Yet for all this, Italy is the largest citrus juice producer in the Mediterranean area, and one of the largest in the world. Imports of citrus juice by noncitrus producing European countries are expected to grow to 3 million metric tons by 1980, up from 2 million metric tons in 1971.

The major problem in increasing Italian citrus exports is sharp competition from other Mediterranean producers, especially in other countries of the EC, which should be Italy's natural customers. EC preferences on citrus are granted to the other major citrus producers—Israel, Spain, and Morocco—which are commanding increasingly greater shares with growing exports that overwhelm those of Italy. The scheme also has recently been extended to Tunisia, Egypt, Cyprus, and Lebanon, and is about to be extended to Algeria.

Greece and Turkey, as Associate Members of the EC, also are given special treatment, particularly Greece on juices. This situation has not improved with the institution of penetration premiums given by the Community for Italian sales to other EC countries. Furthermore, Mediterranean, as well as Italian, citrus production is on the increase, promising heightened competition.

Italy's share of total Mediterranean orange and tangerine exports has declined steadily from around 14 percent in 1950 to slightly more than 3 percent in 1973-74. Less than 3 percent of the oranges consumed in the other eight European Community countries are supplied by Italy.

Italian lemons, on the other hand, have remained relatively competitive. The domestic market is protected by a phytosanitary ban on citrus imports, except grapefruit, of which Italy produces very little. Yet even with this captive market, Italy's consumption of citrus juices is one of the lowest in developed countries.

Fresh grapefruit exports to Italy from the United States amounted to about 1,300 metric tons, valued at $343,630, in 1972-73. Israeli exports during the same period were about 35,000 metric tons of grapefruit.

Over the last decade (1963-73), Italian citrus output has increased 77 percent from 1.3 million metric tons to 2.3 million. Orange production is up 88 percent to 1,340,000 metric tons; lemons up 96 percent to 650,000 metric tons; and tangerines up 133 percent to about 265,000 metric tons.

The 1974 crop is estimated 5-6 percent higher for each fruit. Some sources estimate that this year's expected surplus over national demand will be about 120,000 metric tons for oranges, 50,000 metric tons for tangerines, and 350,000 metric tons for lemons.

The outlook for the next decade is for expanded production in all citrus sectors. As part of a general development program, irrigation is being brought to more and more southern areas (known as the Mezzogiorno), thus increasing yields. The long-discussed restructuring program for the Italian orange and mandarin industry has begun operating.

The restructuring plan, financed by both the European Agricultural Guidance and Guarantee Fund (FEOGA) and the Italian Government with some $300 million, will take several forms. It envisages the creation of 65 new processing plants with modern equipment, which poses the prospects of expanded juice production, and calls for critically needed renovation of orchards with proven new varieties.

Since production is already in surplus and expected to increase, it is necessary to expand internal demand and/or increase exports, but difficulties lie in the lack of varieties available and in consumer habits. New varieties are needed which can prolong the commercial season. Currently, citrus ripens only during the period from mid-December through early March. Consumer preferences also should be considered. Italian consumers, for instance, do not like the blonde oranges, which account for 30 percent of Italian production; yet these are the varieties purchased by consumers in other EC countries.

IN ADDITION, varieties are needed which are suitable for processing, thereby improving juice quality and stimulating consumption. Italians who consume oranges and lemons as fresh fruit, consume very little, if any, in the form of juice. Even in the fast-rising consumption of grapefruit juice, a considerable amount of which is imported from the United States, great expansion is possible as a breakfast drink. Italy's masses of foreign tourists are an additional ready market for citrus juices that is being neglected.

Until now, the Italians have been complacent about the citrus situation and small farmers have been reluctant to take a step many Italian citrus experts see as inevitable—joining together in cooperatives. As long as internal supply has not seriously exceeded internal demand, and with the market isolated, the single producer has been able to get by with relative inefficiency. But there is no reason to believe this situation will

hold as domestic production and foreign competition steadily increase.

Organizing the many small citrus producers into cooperatives was suggested as one answer to the problem by Dr. Girolamo Cappiello at an important citrus conference in Taranto, Italy, where he outlined the relative lack of success so far in forming citrus cooperatives and made recommendations to strengthen the sector.[1] While Taranto is in the Puglia Region, still a distant fourth among regions in citrus production behind first place Sicily, this area is actively engaged in seeking a breakthrough in exports.

Currently, in much of Italy the single small producer sells fruit while it is still on the trees, bearing the full harvesting costs and furnishing production at a fixed price as it is harvested. The fruit then goes to an intermediary warehouse and wholesalers.

Exporters then collect the produce and establish prices at origin. The irregular and disorganized flow of production makes for widely fluctuating prices, even when overall supply and demand are relatively in balance. Such fluctuations stall growth of cooperatives and favor recourse to an intermediary, a system also favored because of the perishability of the product. He can also offer immediate cash payment, while the cooperative generally cannot. Other problems include the initial costs of setting up operations, and incomplete utilization of capacity at the outset of setting up the cooperative. The intermediary has already amortized his costs.

Thus, the producer is bound in a circle and remains a victim of the speculator. The cooperative cannot offer him immediate advantages, therefore the farmer sells directly. Consequently the cooperative remains unused and cannot build up its assets to offer immediate advantages. Furthermore, the lack of a mark of origin permits the intermediary buyer to ship the produce anywhere, leaving the local grower no possibility of building customers through quality, either in Italy or abroad.

What is needed to break the circle?

First of all, risk and managerial capital. Financial inputs also are required for construction of large plants. In addition, there must be some guarantee of high prices to producers, higher than those offered by the intermediaries. Public funds, says Dr. Cappiello, are the answer.

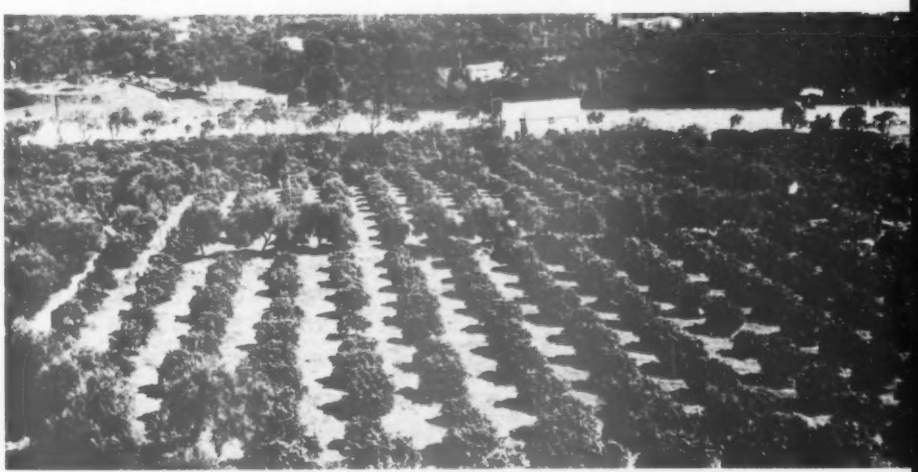
Dr. Cappiello recommends that cooperatives be set up on two levels. There must be the area cooperative, preferably at the communal level, to provide services to reduce production costs, increase productivity, and provide fertilizers, insecticides, and transport facilities.

A CENTRAL COOPERATIVE should also be established to handle processing and selection of varieties that has a plant large enough to provide economies of scale with technically advanced equipment. The plant should be equipped to handle other fruit production so that it could be better utilized.

Selling and marketing should be handled through a marketing organization —regional and all-southern—funded with public capital. This organization should buy the produce, offering immediate cash payment to the producer. Distribution should then be made according to the demand situation but with a mark of origin imposed on the produce.

The models most likely to be followed are France's SOPEXA, a quasi-Governmental grouping of several agricultural promotional organizations, and Germany's CMA, the central marketing company for German agriculture. The more integrated Israeli Citrus Marketing Board, it is held, should be copied only in its aspect of promotion campaign funds. Alongside this vertical and horizontal integration, should be associations by sector to study production and supply, and to control the quality for the mark of origin. EC regulations spawned a few of these associations, but a new one is needed to demonstrate how these should operate.

Regional help is also needed, especially in building new plants and promoting trade exhibits. A coordinated EC, regional, and public agency approach, the expert concludes, could assure efficient agricultural production, development of farm regions, and improvement of farmer welfare.



Modern, relatively young citrus orchard, above, in Roccolamero, Sicily. At the same time Italy's domestic citrus production is increasing, competition abroad is rising, cutting off foreign markets which have absorbed production beyond domestic requirements in the past. Harvesting clementines, left, in Taranto, where mandarin and clementine production are highly prized products of the region.

[1] **Suggestions about citrus producer cooperatives in this article are a summary of those presented in a paper "Strutture di Commercializzazione in Agricoltura" by Dr. Cappiello, at the Fifth Sagra del Mandarino, Taranto, November 10, 1973.**

Recent reports from Geneva outline the many activities that are now underway to prepare for the new round of Multilateral Trade Negotiations.

GATT Sets Stage for Trade Talks

EXTENSIVE PREPARATIONS are underway for a new round of global trade talks under the auspices of the General Agreement on Tariffs and Trade (GATT). In July, representatives of over 80 countries will meet in Geneva to review the progress made thus far in preparing for the Multilateral Trade Negotiations, which were formally opened last September in Tokyo.

One action taken at the Tokyo meeting was to establish a Trade Negotiations Committee (TNC) to develop detailed negotiating plans and to supervise the negotiations. The Committee held its first meeting in October 1973 and a second in February 1974. It agreed substantially on the subjects to be included in the negotiations, the organization of work, possible subgroups needed, and the calendar of work.

At its July meeting the TNC will examine the work of four subgroups that have been working since February to update the statistical and analytical material necessary to conduct the trade negotiations.

The subgroups have also been examining certain preliminary questions that will affect the approach to the negotiations. These include procedures for tariff reductions, the handling of nontariff barriers, and the implications of some recent events in agricultural markets. The Committee will then seek to decide what the next stage of work should be and how it should be organized.

The overall objectives of this new round of trade talks—as set forth in the Tokyo Declaration last September—are to improve the standard of living and welfare of the people of the world, and to expand and liberalize world trade by progressively dismantling trade barriers and improving the international framework for the conduct of trade. Moreover, special consideration is to be given to the needs of developing countries.

More specifically, the negotiations are to: ". . . cover tariffs, nontariff barriers, and other measures which impede or distort international trade in both industrial and agricultural products, including tropical products and raw materials, whether in primary form or at any stage of processing, including in particular products of export interest to developing countries and measures affecting their exports."

The Tokyo Declaration confirmed that the negotiations will cover agricultural trade, and affirmed that bargaining on agricultural products cannot be separated from negotiating on industrial goods. In the language of the Declaration, "The negotiations shall be considered as one undertaking, the various elements of which shall move forward together."

"In July, representatives of over 80 countries will meet in Geneva to review the progress made thus far in preparing for the Multilateral Trade Negotiations, which were formally opened last September in Tokyo."

Another issue discussed by participants was the relationship of monetary reform to trade negotiations. Participants recognized that "the efforts which are to be made in the trade field imply continuing efforts to maintain orderly conditions and to establish a durable and equitable monetary system," and that "the new phase in the liberalization of trade, which it is their intention to undertake, should facilitate the orderly functioning of the monetary system."

Although the Tokyo meeting established the need to liberalize world trade and laid down general ground rules for the negotiations, actual bargaining has not yet begun. This awaits the legislative granting of negotiating authority to representatives of participating countries. In the case of the United States, passage of the Trade Reform Act of 1973—now before the U.S. Congress—would grant U.S. negotiators authority to bargain on trade concessions.

Other countries, such as European Community nations, also need authority to conduct meaningful trade talks. In the meantime, preparatory work for the multilateral negotiations has begun, with emphasis primarily on analytical and statistical studies.

The TNC established six work groups—tariffs, nontariff barriers, agriculture, tropical products, sectors, and safeguards. Only the first four of these groups were activated.

The work groups are charged with conducting the technical and analytical work needed for the trade negotiations. The present organizational structure is related only to preparatory needs and is not the same that will be required for the actual negotiations.

The TNC will meet again in late July to review the work of the various groups and to give guidance to future activities. Current activities of the working groups that have been activated include:

Group on Tariffs. This group is updating and completing analytical and statistical documentation regarding industrial tariffs, and is examining some technical questions such as the effective date of tariff schedules from which duty cuts would be made.

Group on Nontariff Barriers. Conerns of this group center primarily around:

- Quantitative restrictions and export restraints.
- Government participation in trade, including government assistance to exports, government procurement, state trading, and so forth.
- Customs and administrative procedures.

• Development of codes of conduct relating to such matters as health, safety, and sanitary standards, and requirements concerning marking, labeling, measurement, and packaging.

• Special charges on imports, such as variable levies, border tax adjustments, prior import deposits, and surcharges.

At present, the Group is updating and completing documentation and basic data relating to industrial nontariff barriers, is studying the problems imposed by quantitative restrictions and export subsidies and import documentation, and has begun work relating to general aspects of packaging and labeling and import documentation.

Group on Agriculture. In establishing the Agriculture Group, the TNC charged it with performing the following major tasks:

• Update and complete existing GATT analytical and statistical documentations on various measures that affect agricultural trade.

• Collect data for each of the last few years and analyze recent changes in production, consumption, supply, and demand for agricultural products; and identify the problems that result for world agricultural markets and their significance for an approach to the negotiations.

• Continue a study begun several years ago on sanitary and phytosanitary regulations.

• Consider how to integrate the work of the Agriculture Group with the work of other groups dealing with matters of interest to agriculture. This includes in particular the work on tariffs, nontariff barriers, various technical matters on tariffs, the applicability to agriculture of the work on import documentation and packaging and labeling, and ways to deal with export subsidies and countervailing duties.

At its first meeting in February 1974, the Group agreed to update documentation. The Group also agreed to consider at its April meeting the implications of recent changes in supply, demand, and prices for wheat, corn, soybeans and meal, butter and skim milk powder, sugar, cattle, chilled and frozen beef, and wine.

As a result, the April meeting was devoted almost entirely to a discussion of these commodities. During the course of the meeting, the U.S. delegation observed that while other delegations might draw different conclusions from this discussion, it was necessary to move ahead to identify the problems implied for world markets and their significance for an approach to the negotiations.

In the U.S. view of this task, two questions especially need to be considered.

First, how can rights and obligations be improved, so as to facilitate a further liberalization of world agricultural trade; and second, under conditions of more liberalized trade, how can countries assure the availability of imports when food is in relatively short supply, and export access to foreign markets even when supplies are relatively abundant.

"Although the Tokyo meeting established the need to liberalize world trade and laid down general ground rules for the negotiations, actual bargaining has not yet begun."

The Group agreed that delegations could submit their views and conclusions to the Secretariat. This work would provide a basis for discussion at the next meeting, to take place early in July.

Group on Tropical Products. The Tokyo Declaration provided that the negotiations should treat tropical products as a special and priority sector. In particular, they should include products of export interest to developing countries and measures affecting their exports.

The TNC, while recognizing that other items could be included, agreed that the Tropical Products Group should proceed on the following basis: "Continuation, in the light of the work undertaken by the Committee on Trade and Development and other international bodies, of the studies of all the pertinent data on trade in tropical products, due account being taken of factors which influence this trade, such as supply, demand, prices, and the level of the export receipts of developing countries."

The Group has held two meetings devoted mainly to updating and completing the analytical and statistical documentation on tropical products and to a preliminary examination of the material on cocoa, coffee, tea, bananas, pepper, and certain vegetable oilseeds, oils, and cakes with the intent of identifying commodity problems.

One item on the agenda for the next meeting, which will take place in July, will be the question of more favorable treatment and special procedures for developing countries, as specified in the Tokyo Declaration.

—Based on reports from
Nicholas M. Thuroczy,
U.S. Agricultural Attaché
Geneva

MTN WORKING GROUP MEETINGS

Working group meetings to prepare for the Multilateral Trade Negotiations (MTN) that have been held recently or will be held in June:

May 28	Nontariff Barriers (NTB) Group on export restrictions.
May 29-31	NTB Group on subsidies and countervailing duties.
June 18-19	NTB Group on packaging and labeling.
June 20-21	NTB group on import documentation and consular formalities.

During July, a number of other Working Groups are slated to meet to continue to discuss the problems in their areas of responsibility and to prepare their reports to the Trade Negotiations Committee (TNC). Among these are the Nontariff Barrier Group, the Tariff Group, the Agriculture Group, and the Tropical Products Group.

The TNC is scheduled to hold its meeting during the latter part of July. The TNC is responsible for developing negotiating plans and supervising the Multilateral Trade Negotiations.

Soybeans Rise to No. 2 Spot In Mexico's Oilseed Economy

IN 1972-73, soybeans moved into the No. 2 spot in Mexico's oilseed economy, displacing safflower production and trailing only cottonseed. Soybeans continued their upward climb in 1973-74 in both real and relative terms. A shortage of irrigation water is expected to temporarily restrain soybean output in 1974-75, however.

With normal price relationships and adequate irrigation water, soybeans could well become Mexico's most important oilseed crop within the next few years. Mexico's Government is aiming at self-sufficiency in both vegetable oils and foodgrains through price supports, water allocation programs, and credits.

The success of soybeans in Mexico is due primarily to:

- The crop's adaptability to double cropping with winter wheat in Sonora and Sinaloa, and the greater profitability compared with alternative crops, such as cotton and safflower;
- Lower labor input requirements, in relation to cotton; and
- Adaptability to mechanized harvesting with existing wheat and sorghum combines, resulting in better utilization of machinery.

Mexico's total oilseed production in 1973-74 declined 3.7 percent in volume from the previous year's to 1.7 million metric tons. Partially offsetting the decline in other oilseed crops was a gain of 135,000 tons in soybean output for a total of 510,000 tons, due entirely to increased area devoted to the crop. Cotton and safflower production declined because of reduced area, while adverse weather reduced copra and sesame output.

Very tight supplies and rising prices for oilseeds and products characterized the first half of 1973-74. This necessitated large-scale imports of oilseeds, oil, and meal during the second half of the season. Mexico's oilseed imports are forecast to total an estimated 325,000 tons in 1973-74, led by U.S. soybeans at 280,000 tons. Imports of U.S. cottonseed could total 25,000 tons. Direct imports of oilseed protein meal are estimated at 113,000 tons, again led by U.S. soybean meal at 62,000 tons, and U.S. cottonseed meal at 28,000 tons. Other imports included 15,000 tons of fishmeal and 8,000 tons of rapeseed meal.

Consumption of oilseed products continues to expand in 1973-74, owing to Mexico's 3.5-percent net increase in population, expanding feed industry, rising personal incomes, and retailing activities. Vegetable oil consumption is forecast to swell by 7 percent, while protein meal consumption could rise by 10 percent.

To spur production, Mexico's Government increased support prices for 1973-74 oilseed crops by roughly a third. Exports of oilseeds were banned late in 1973 to protect domestic supplies. Imports in 1973-74 will allow for a 50,000-ton buildup in stocks of all oils to 90,000 tons and for meal, an increase of 135,000 tons, to 165,000. The stock buildup is an effort by the Government to avoid a repeat of last summer's critical shortages of both oil and meal.

In 1974-75, the sharp upward trend in Mexico's soybean production could be reversed temporarily because of the shortage of irrigation water in Sonora. Water levels in the reservoirs were inadequate for bean planting in May, followed by wheat next November under the double cropping practice. Therefore, farmers hoped to increase cotton plantings in February and March while cotton prices are high and water available.

As a result, soybean production is expected to decline by 26 percent from this years' high level. Total oil production is likely to decrease again by 3 percent, while oil and meal consumption will probably expand by 7 and 10 percent, respectively. The resulting deficits in oil and meal will again necessitate large-scale imports of oilseeds and products, the majority probably from the United States.

—Based on a dispatch from
Office of U.S. Agricultural Attaché
Mexico City

Lebanon's Egg Exports Seen Recovering

Lebanon's important poultry industry, which depends heavily on imports of U.S. chicks for parent stock, suffered a dual setback in 1973, due first to high feed costs and then to the disruption of overland shipping when the Syrian border closed between May and August. Exports of table eggs and day-old chicks to traditional Arab markets are likely to recover strongly in 1974, however. Feed prices are also expected to decline during the latter half of 1974 because of very favorable barley crops in the Middle East.

During 1974, Lebanon's poultry industry will continue to rely on imported parent stock from Europe and the United States. Imports of day-old parent stock are forecast to reach 700,000 chicks, of which about 600,000 are broilers and 100,000 layers. The Ministry of Agriculture reports that 1973 imports were 521,057 chicks, of which 85 percent were broiler strains.

Lebanese poultry producers expect to export over 60 percent of their egg production in 1974. Exports in 1973 totaled 238 million table eggs, down 15 percent from 1972. Arab countries are the principal destinations for table eggs and day-old chicks, with most shipments going to Saudi Arabia, Kuwait, and Syria.

Hatching egg exports increased 40 percent over 1972 levels to 2 million in 1973, mainly because of higher purchases by Iran. Exports were well above early 1973 estimates, in spite of border difficulties, reflecting neighboring countries' determination to expand poultry production. Hatching egg exports in 1974 are expected to rise by about 11 percent to 22 million. They are normally shipped by air freight to Iran and the more-distant Arab markets.

Day-old chick exports in 1973 were about 32 percent smaller than 1972's, with part of the drop caused by the border closing. Day-old chick exports, mainly to Saudi Arabia, Syria, and Iraq, are slated to increase this year as these countries expand their broiler and egg production. In Syria, some poultry farmers are establishing separate, small commercial layer and broiler farms, and avoiding the larger units that may be threatened with nationalization. —Based on a dispatch from

Office of U.S. Agricultural Attaché
Beirut

Top Cattle Star At Honduras Expica '74

Stockmen attending the 13th presentation of Expica-74—Central America's most important livestock exposition—exhibited, bought, and sold some of the best beef and dairy cattle available in that part of the world.

Although U.S. breeders did not play a direct competitive role in Expica, animals imported from the United States were among the prize winners at the event held March 9-17 in Tegucigalpa, the capital of Honduras.

Entries came from all Central American countries except El Salvador. North Americans judged the carcasses, beef and dairy cattle, and half the horses entered into the competitions. Representatives of U.S. breed associations and semen suppliers distributed literature and talked business with prospective customers from a booth sponsored by the Foreign Agricultural Service. The University of Florida presented its third annual short-course on beef and dairy cattle.

Sales, trades, and other deals were negotiated in Spanish and English (and sometimes in both), wherever two stockmen—recognizable by the western-type hats they wore—could get together.

Judging of dairy and beef cattle at Expica-74 was done by U.S. judges. Far left, Dr. J. W. Turner, professor of animal science at Mississippi State University, who judged beef cattle, shown with one of the entries. Expica was held in Tegucigalpa, Honduras, March 9-17. Above, Dr. David P. Dickson, University of Wisconsin, judge of Expica's dairy breed entries, shown with the Grand Champion Brown Swiss cow during a visit to the dairy barn. Left, cattle breeder Julio Morales, at left of Dr. Turner, examines a Brahman bull entered in the competitions.

Nicaragua's Minister of Agriculture (l), the Queen of Expica-74, and Honduras Chief of State, Gen. Oswaldo Lopez Arello, at opening ceremonies.

Spanish Cotton

Continued from page 5

world price, and thus demand for import protection arose. Should excessive quantities of domestically produced cotton again become available, drawback certificates could again be used, and efforts would be made by various sectors in the cotton textile industry to ensure the sale of domestic cotton.

The intended high volume of imports will be absorbed by an industry that has recovered from an earlier slack, but is now facing uncertainties of supply and internal demand because of unknown factors in the world energy situation and the higher costs and/or short supplies of synthetic fibers for blends.

The Spanish Government cooperated with the textile industry from 1970 through 1972 in encouraging the modernization and reorganization of both the spinning and weaving sectors. To achieve economies of scale through concentration and greater productivity, sizable portions of outdated machinery and of marginal firms were eliminated, and employment in the industry was reduced under an adjustment-assistance program.

Costs were split between the Government and the mills continuing in operation. The industry apparently continued the efforts made to replace and expand capacity in response to the uptrend in demand that occurred in 1972 and early 1973. Recent reports indicate, however, that a slack in textile activity may be recurring, and that the outlook is mixed.

Additional incentive and need to increase competitiveness of the Spanish industry may result from Spain's 1970 agreement with the European Community for a gradual liberalization of the textile trade. The Community granted, as of January 1, 1973, a 60 percent tariff cut on most yarns (for retail sale) and fabrics, and on some piece goods and apparel.

By 1977, Spain will have reduced duties on the same yarn and fabric categories by 25 percent. This means that the Spanish industry will be faced both with greater competition from European Community manufacturers—although Spain's initial tariff rates were much higher than those of the EC Common External Tariff—and a freer market to explore. In this context, it should be noted that the six original EC members (Benelux, France, West Germany, and Italy) represented 30-50 percent by volume of Spain's cotton textile export market annually from 1968 through 1971.

When the United Kingdom and Denmark (statistics for Ireland are not available) are added, the proportion of textile exports shipped to what is now the 9-member EC ranged from 47 to 66 percent annually in 1968-71.

In view of the concessions made for entry into an already large market, Spain will need a continuing supply of competitively priced raw cotton. The United States for years was a relatively small supplier, but its position improved markedly during the 1972-73 season. Spanish import statistics show 101,693 bales of U.S. origin in that season—26 percent of a total 387,089 bales. This volume represents a U.S. share not approached since the 1961-62 crop year, when Spain took 132,793 bales from the United States out of a total of 351,916 bales.

Prior to that time, Spain had imported sizable amounts of U.S. cotton, large percentages of which were programmed under Public Law 480. When Spain became ineligible for U.S. cotton under P.L. 480, imports from the United States dropped off sharply while other countries—primarily Colombia, Greece, the Sudan, and Turkey—significantly increased their shares. Brazil and Egypt consistently were major suppliers.

While the import needs of the Spanish textile industry are not expected to expand from their current high level in the near future, the new Spanish Government incentive measures are expected to provide improved access for U.S. cotton.

BARBADOS TO UP SEA ISLAND COTTON OUTPUT

Barbados production of Sea Island cotton, begun in 1971-72 in an effort to diversify the island's one-crop economy, has reached a level of 1,825 bales during the current season. Acreage has shown a steady increase in the past 3 years in response to initial success with the crop and is expected to more than double in the near future.

The country's agriculture had been dominated by sugar production, but the growing unprofitability of sugarcane production in low rainfall areas convinced Barbadian agriculturalists other crops were needed to supplement the foreign earnings derived from sugar.

Initial Sea Island cotton plantings were made on estates of the Agricultural Development Corporation (ADC) after agronomic, harvesting, and marketing experiments convinced the Barbadians the crop could be grown and sold successfully. Independent farmers, encouraged by the results of ADC tests, began to plant cotton on their own land. Sea Island cotton acreage grew from 103 acres in 1971-72 to 260 in 1972-73, and to 730 acres in the current season.

Early in the 1973-74 crop year, ADC officials had forecast a crop of 2,281 bales of clean lint, with average yields of 1,500 pounds of lint per acre. But in the middle of the crop year, insect leaf perforators struck and defoliated whole fields of cotton. This caused a downward revision to the current estimate of 1,825 bales.

Long-staple, high luster Barbados Sea Island cotton continues to enjoy strong demand from spinners in England, continental Europe, and Japan. To meet the current demand, ADC has estimated it will need over 4,000 acres planted to cotton. Present ADC plans call for the planting of 1,000 acres to be harvested in 1975, while independent farmers have signified intentions to plant an additional 400-500 acres, bringing total acreage for 1974-75 to a little over twice that planted in the 1973-74 crop year.

An expansion to the 4,000 acres envisaged would require both Government approval—since competition with other crops for land will become important—and substantial financing. To help formulate policy concerning the production and marketing of Sea Island cotton, the Barbados Government is working with the Overseas Development Administration of the British Government in an economic survey of the industry's future possibilities. It is anticipated the survey will be completed by June 1974.

CROPS AND MARKETS

PRC Weather Generally Favorable Through Mid-May

Weather, in general, has been favorable through mid-May for crop production in most farming areas of the People's Republic of China (PRC). Precipitation, although less than normal since last fall over much of China, has been so distributed that it is believed that crop growth over large areas has not been greatly affected. Drought, however, has been noted in some parts of North China—Hopeh Province in particular—which could reduce winter wheat prospects in this important wheat-producing area. Expanded irrigation facilities and increased acreage should help to offset the effects of poor weather in some areas of North China, but winter wheat production may fall below the good 1973 harvest.

Dry weather and an early spring in Northeastern China permitted farming operations to commence earlier than in 1973, when field work was delayed because of excess moisture, but subsequent cold spells delayed many cropping operations. Precipitation in this important soybean-producing region has been above normal in Heilungkiang Province, but May precipitation in Kirin and Liaoning Provinces has been well below normal.

Cold spells in February and March caused some rice seedling losses in seedbeds in southern and central China, but these occurred early enough so that subsequent replantings and adjustments in cropping patterns were possible with probably little or no loss in the transplanted area.

Cotton sowing has been completed. The Chinese have reported that drought threatened some cotton growing areas during the sowing season, but sowing was completed in good time. There is no indication of the acreage sown to cotton, but it is believed to approximate the 1973 area.

USSR Spring Crop Seeding Reaches 317.2 Million Acres

A total of 317.2 million acres of spring crops had been sown in the Soviet Union by May 27, 1974. Small grains accounted for almost 65 percent of this total or 200.9 million acres. A little more than a tenth of the total spring crop area planned for 1974, or roughly 49.4 million acres remained to be sown as of May 27.

Spring seeding progress in 1974, although lagging somewhat behind that of 1972 and 1973, was probably about average. The lag has been reduced from 49.4 million acres on April 29 to 22.2 million acres on May 27. Between April 29 and May 27, 1974, a little over 7.4 million acres were sown each day on the average. At this rate, seeding should be completed by June 3.

During the first 20 days of May, precipitation in the USSR varied greatly. In the first 10 days precipitation was heavy (150-200 percent of normal) in the Ukraine, Moldavia, Central Black Soil Zone, and in the Baltics—areas that had been experiencing dry weather this spring. On the other hand, precipitation was well below average for the period from the Volga region eastward.

During the second 10 days of May, precipitation was again well below average over most of the western part of European USSR and continued below normal over much of northern Kazakhstan and western Siberia. Between May 11-20, precipitation was well above normal in the north Caucasus, the Central Black Soil Zone, the northeastern part of European USSR, and the Volga region.

Soil moisture supplies on May 20, 1974, were significantly above the 1969-73 average in the north Caucasus, the Volga region, the eastern part of the Ukraine, the Central Black Soil Zone, the central region, and the Volga-Vyatsk region. On the other hand, moisture supplies continued well below average in the southern Ukraine and Moldavia and were somewhat below average in the Baltics, Byelorussia, the Urals region, northern Kazakhstan, and western Siberia.

GRAINS, FEEDS, PULSES, AND SEEDS

India Produces More Grain From High-Yield Varieties

High-yielding varieties will account for about 44 percent of the 94 million tons of cereals (excluding pulses) harvested in India in 1973-74, compared with about 43 percent in 1972-73. Estimates show that total grain production increased from 85.7 million tons in 1972-73 to about 94.3 million tons in 1973-74.

During 1973-74, output for high-yielding varieties of cereals increased from about 37 million to about 41.6 million tons. Production of high-yielding varieties of rice alone increased by about 2.9 million tons in 1973-74 to about 16.7 million tons. This was about twice the estimated reduction in production from high-yielding varieties of wheat.

Ample monsoon rainfall in the summer of 1973 not only brought a record 1973-74 rice harvest, but enabled farmers to harvest about 3 million tons more coarse grains from fields planted to high-yielding varieties. Despite this, however, total coarse grain production remained below the 1970-71 level of 30.5 million tons when monsoon rainfall was 10 percent above normal. Average yields for both high-yielding varieties and traditional varieties of coarse grains in 1973-74 were below the peak levels recorded in 1970-71.

Severe winter drought and input shortages crippled 1973-74 wheat yields. But even so, total wheat production was probably 6-7 million tons higher than it would have been without the use of high-yielding varieties and fertilizer.

Production from high-yielding varieties of wheat increased steadily from 1.2 million tons in 1966-67 to a peak of about 17.8 million tons in 1972-73, before falling to about 16.4 million tons in 1973-74. Total area planted to wheat in 1973-74 was about 56 percent above the 1966-67 level, while area in high-yielding varieties was about 9 times greater.

Average yields for high-yielding varieties of all cereal crops in India tend to decline as area expands. The first plantings were on some of the most fertile land with high rates of fertilizer applied by progressive farmers. Efficiency in irrigation, pesticide use, and seed quality tend to decline as the use of high-yielding varieties spread to less progressive areas.

Improving the quality of seed and boosting the rate of fertilizer application could increase average yields for high-yielding varieties of cereals. Average yields for high-yielding varieties in 1973-74 were about one-fourth below peak levels recorded in 1967-68 and 1969-70. However, average yields for all high-yielding varieties of cereals in 1973-74 at 1.6 tons per hectare were more than double traditional varieties.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 4	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.16	+20	3.89
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.10	+ 2	3.57
15 percent	(1)	(1)	3.62
U.S. No. 2 Hard Winter:			
13.5 percent	4.67	+ 4	3.51
No. 3 Hard Amber Durum	6.74	+13	3.71
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.33	− 2	2.72
Argentine Plate corn	3.59	−17	2.92
U.S. No. 2 sorghum	3.00	−15	2.57
Argentine-Granifero sorghum	3.01	−14	2.57
U.S. No. 3 Feed barley	2.85	− 3	2.10
Soybeans:			
U.S. No. 2 Yellow	6.52	+17	9.30
EC import levies:			
Wheat[3]	[4] .12	−28	.83
Corn[5]	[4] .19	−12	.25
Sorghum[5]	[4] .58	− 8	.53

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

DAIRY AND POULTRY

Canada Sells Eggs To U.S. Breakers

U.S. traders report that Canada has sold breaking stock eggs to U.S. egg breakers, who prepare liquid egg for commercial use. The eggs are dyed to prevent their reentry to the table market.

The eggs came under the control of the Canadian Egg Marketing Agency (CEMA), as it sought to stabilize Canadian egg prices on the basis of the Ontario farm price of 60 cents per dozen. However, in order to be competitively priced to U.S. breakers these eggs must be heavily subsidized.

Domestic egg breaking stock was readily available to U.S. breakers at 30 U.S. cents per dozen in early June.

Australia Aids Dairy Industry

The Australian Government has announced a $42 million program for fiscal 1975 to facilitate adjustments in the dairy industry. The program includes interest-free loans to help suppliers change over to whole milk delivery. Meanwhile, expansion of the marginal dairy farm program should encourage diversification from dairying.

According to Australia's Minister for Primary Industry, the nearly $1.2 billion paid out in subsidies has not solved the dairy industry's major problem of overproduction of butterfat. The Government, however, hopes the new adjustment program will help.

Japan Ups Dairy Quotas

The Japanese Government recently announced the issuance of increased import allocations amounting to 20,500 metric tons of nonfat dry milk and 8,500 tons of whey powder for animal feed. The products must be imported during June-September 1974.

U.K. Subsidizes Cheese

The U.K. Government has announced a cheese subsidy scheme effective as of May 6. The subsidy will cost almost $80 million per year and will counteract an approximate $250-per-ton increase in the price of cheddar cheese produced in the United Kingdom. Equivalent to nearly 11.5 cents per pound retail, the subsidy will apply to all U.K.-produced hard cheeses and to some imported hard varieties.

FATS, OILS, AND OILSEEDS

Rapeseed Oil Use Under Attack in France

A campaign against the use of rapeseed oil has been initiated in France. This follows a recent Italian decision to forbid retail sales of edible oil products containing rapeseed oil with high levels of erucic acid. As a result, 11 French consumer organizations have asked French vegetable oil processors to shift to other types of edible oil.

Soviet Vegetable Oil Output Sets Record in 1974

During the first quarter of 1974, Soviet vegetable oil output reached a record 864,000 tons, 76 percent above the sharply reduced first-quarter output of 1973. Similarly, output during the period September 1973-March 1974 increased 21 percent above the corresponding period in 1972-73, also a record.

These sharp increases in vegetable oil output are the result of sunflowerseeds processed from the record 1973 crop, an increase in cottonseed from the 1973 record cotton crop,

plus a recovery in the Soviet soybean crop last year.

Based on raw materials available, it is expected that total vegetable oil output by the end of the current oilseed processing year (Sept. 1973-Aug. 1974) will remain a record. Consequently, it is expected that Soviet exports of oilseeds and products paced by sunflowerseed oil will rise in volume, after stocks are replenished and production from this year's harvest is better evaluated.

France's First Commercial Production of Soybeans

Commercial plantings of soybeans were made for the first time in southern France during April. An area of 10,625 acres was allocated for soybeans, with the major share—8,648 acres—in the Midi-Pyrénées region of southwest France.

All production is under contract, with the minimum producer price set at 95 Francs per 100 kilograms plus 25 Francs premium from a Government agency (about $240 per metric ton or $6.53 per bushel). The price of soybeans for seed use is not expected to exceed 120 francs ($240 per metric ton).

TOBACCO

Swiss Tobacco Imports Down In 1973; U.S. is Top Supplier

Tobacco production and raw tobacco imports by Switzerland fell off in 1973 from the previous year's levels and 1974 is expected to be much the same. The United States was the top supplier of Swiss raw tobacco imports. In the current year production, imports, and sales are expected to stagnate, one reason being that the Swiss tobacco excise tax was increased by an average of 27 percent on June 1, 1974.

Switzerland's 1973 domestic tobacco crop amounted to 1,785 metric tons, down 3.5 percent from the 1972 crop of 1,851 tons, owing to the lighter weight of the tobacco.

Raw tobacco imports increased to 36,114 metric tons, up 17.6 percent, while manufacturers' use decreased to 35,331 tons, down 2.1 percent. Official exports of cigarettes increased to 17,935 metric tons, up from 14,691 tons a year earlier.

Raw tobacco imports from the United States dropped to 12,418 tons from 14,192 tons, a reduction of 12.5 percent, mainly because of price reasons. Imports from low-priced countries increased. The United States remained the largest supplier with a market share of 34.3 percent, compared with 42.2 percent in 1972.

For the first time since 1966, both production and sales of cigarettes declined. Cigarette production at 31,075 million units declined 2.9 percent from 1972's 32,026 million. Sales declined dramatically to 21,000 million, down 27.8 percent.

FRUIT, NUTS, AND VEGETABLES

French Canned Fruit Pack Revised Upward

Revised French canned fruit statistics indicate larger 1973 packs of cherries and pears. French fruit crops were good although clingstone peach production was damaged by high wind before harvest. Individual 1973 packs in thousands of cases (24/2½'s) with 1972 in parentheses are as follows: Mixed fruits, 1,400 (1,400); sweet cherries, 600 (400); sour cherries, 62.3 (61.1); pears, 600 (300); peaches, 600 (600); and apricots 200 (200).

France is a net importer of canned fruit. Calendar 1973 imports of apricots, peaches, pears, and mixed fruits totaled 1.3 million cases. Individual items in thousands of cases were as follows: Mixed fruits, 185; pears, 174; peaches, 245; and apricots, 718. Italy provided 88 percent of the mixed fruits and 98 percent of the pears. Morocco and Greece were the principal suppliers of apricots. Greece, Italy, and the United States were the largest suppliers of peaches, totaling 47, 34, and 17 percent, respectively.

Argentine Apple and Pear Exports Drop

Argentine exports of apples showed a drop of 71 percent in 1973 (compared with those of 1972), while pear exports declined nearly 30 percent, a result of frosts and hailstones that hit the 1972-73 crops in their early stages. Production of pears was off by 56 percent in 1973, while apple outturn declined by 55 percent.

ARGENTINA: EXPORTS OF APPLES AND PEARS, 1972 AND 1973, BY COUNTRIES OF DESTINATION[1]

[In 48 pound boxes]

Country of destination	Apples		Pears	
	1972	1973	1972	1973
Brazil	5,421,542	2,225,183	852,147	495,769
The Netherlands	2,109,395	427,812	156,959	—
West Germany	1,284,591	286,089	47,461	16,323
Sweden	875,759	80,508	78,987	6,000
France	11,395	—	14,500	—
Venezuela	293,035	—	98,401	26,104
Italy	2,777	—	292,429	—
Bolivia	184,910	20,526	3,024	—
Paraguay	12,869	1,696	1,425	230
Trinidad-Tobago	4,700	—	300	—
Ecuador	5,000	—	—	—
Hong Kong	1,000	—	—	—
Zaire	1,000	—	—	—
Sierra Leone	165	—	60	—
Norway	552,343	123,858	19,480	—
Finland	252,572	31,960	—	—
United States	10,150	—	77,806	500
Colombia	75,299	—	—	—
Singapore	36,450	—	—	—
Canada	37,125	—	500	—
Panama	24,993	—	2,179	—
Dutch Antilles	6,400	—	635	—
United Kingdom	—	4,660	—	—
Denmark	9,853	—	—	—
Total	11,213,323	3,202,292	1,646,293	544,926

[1] Unofficial.

Other Foreign Agriculture Publications

- World Wheat Production a Record in 1973; Rye Gains Slightly (FG 12-74)
- Record World Barley Crop in 1973; Oats Also Higher (FG 13-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202 447-7937.

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EC AGREES TO COMPENSATORY IMPORT REDUCTIONS FOR CERTAIN U.S. PRODUCTS

After prolonged negotiations, the United States and the European Community (EC) have agreed on a formula for lowering Community import duties on several U.S. exports in compensation for tariff changes taking place as a result of the United Kingdom, Ireland, and Denmark joining the EC.

The agreement—announced May 31 by President Nixon—applies to tobacco, oranges, grapefruits, raisins, and offals as well as to a number of industrial products.

When the United Kingdom, Ireland, and Denmark joined the Community, they alined their tariff rates on individual products to the import system, including the common tariff schedule of the EC. In several cases of export interest to the United States, this involved either increasing or unbinding (no longer guaranteeing under GATT to apply a specified tariff rate) import duties of the individual countries. The United States protested this on grounds that it had bargained for the lower tariff rates in the three acceding countries and that in accordance with GATT rules it expected to be paid "compensation" for loss of these lower tariffs—the compensation to be in the form of tariff reductions in the EC-9. This position was supported by Article XXIV:6 of GATT.

The formula did not include compensation claimed by the United States for cereal grain export coverage. The United States has reserved its rights under GATT to continue negotiations on this issue and has jointly agreed with the EC to "continue discussions with a view to seeking through international negotiations, agreed solutions to the problems arising in the field of international trade in cereals."

AGRICULTURAL PRODUCTS—XXIV:6 SETTLEMENT PACKAGE, MAY 31, 1974

Item	Current tariff	New tariff
Tobacco: flue-cured Virginia and Burley, per package, not less than 280 u.a. per kg. net weight	Unbound 15 percent with 70 u.a. maximum	Bound at 14 percent with 45 u.a. maximum
Tobacco: other, above 280 u.a.	Unbound 15 percent with 70 u.a. maximum	Bound at 15 percent and 70 u.a. maximum
Sweet oranges, fresh	15 percent, April 1-Oct. 15[1]	(a) April 1-April 30, 13 percent (b) May 1-May 15, 6 percent (c) May 16-Oct. 15, 4 percent
Offals: of domestic bovine animal other than livers	12 percent	7 percent
Other offals	6 percent	(a) Jan. 1, 1975, 4 percent (b) Jan. 1, 1976, 3 percent
Swine livers	14 percent	11 percent
Other swine offals	12 percent	9 percent
Bovine livers	14 percent	11 percent
Grapefruit	6 percent	4 percent
Raisins	6 percent	4 percent

[1] EC rate for 1973 suspended at 5 percent June 11-September 30. Concession will be implemented as of June 1, 1974.

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